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General Assembly
Sixty-sixth session

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Fifth Committee

Summary record of the 4th meeting
Held at Headquarters, New York, on Tuesday, 4 October 2011, at 3 p.m.

Chair: Mr. Tommo Monthe ..... (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

Contents

Agenda item 142: Report on the activities of the Office of Internal Oversight Services

Agenda item 132: Review of the efficiency of the administrative and financial functioning of the United Nations

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11-52903 (E)

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The meeting was called to order at 3.10 p.m.

Agenda item 142: Report on the activities of the Office of Internal Oversight Services (A/66/286 (Part I) and Add.1)

Agenda item 132: Review of the efficiency of the administrative and financial functioning of the United Nations (A/66/299)

1. **Ms. Lapointe** (Under-Secretary-General for Internal Oversight Services), introducing the annual report of the Office of Internal Oversight Services (OIOS) (A/66/286 (Part I) and Add.1), said that the vacancy rate in OIOS had been reduced to 17 per cent as at August 2011 compared to 23 per cent a year earlier. To ensure a timely response to critical issues identified in oversight reports and support efforts to promote accountability and transparency, the Office would make its reports publicly available on its website as of January 2012. The reports would include action plans and management's response. OIOS would signal the significance of audit results by assigning ratings of satisfactory, partially satisfactory or unsatisfactory to internal audit results. All open recommendations were currently under review and would be reduced to a more manageable number so that management and OIOS could focus on the principal areas of concern. Important and critical recommendations that were not accepted would be escalated to ensure acceptance of residual risks at the appropriate management level.

2. Starting in 2012, the Office would report annually on peacekeeping and non-peacekeeping operations on a calendar year basis to improve the reporting and monitoring of recommendations and the provision of accountability statistics for senior managers' compacts. Other initiatives to strengthen the work of OIOS included aligning work priorities with organizational risks; developing a toolkit for auditing programme performance management; strengthening internal work processes and systems with the customization of electronic documentation and management software; and establishing a Digital Forensic Unit in the Investigations Division.

3. The Office had issued 323 reports in the period under review; details of the work of the Internal Audit Division, the Inspection and Evaluation Division and the Investigations Division were provided in paragraphs 30 to 53 of the report (A/66/286 (Part I)).

4. **Mr. Walker** (Chairman of the Independent Audit Advisory Committee), introducing the report of the Independent Audit Advisory Committee (IAAC) on its activities for the period from 1 August 2010 to 31 July 2011 (A/66/299), said that during the reporting period IAAC members had continued their practice of meeting with a broad range of United Nations stakeholders and had received adequate access to the individuals, documents and reports they had deemed necessary to conduct their work. The report contained a workplan for 2012, based on the responsibilities of IAAC, the United Nations budget cycle and the sessions of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions, and the Board of Auditors.

5. As at 30 June 2011, IAAC had made a total of 82 recommendations, 43 of which had been implemented and 24 of which were in progress or pending consideration. Fifteen recommendations on OIOS and the accountability system in the United Nations had been deferred for consideration by the General Assembly. The current report contained 15 new recommendations, bringing the total to 97.

6. The improved rates of implementation of oversight body recommendations were a step in the right direction. To be an essential element of accountability, however, such recommendations must be of high quality, add value and be implemented in a timely manner; IAAC would therefore examine the initiative to be introduced by OIOS in its treatment of recommendations issued to management. He acknowledged the work of the Management Committee, which had dedicated several sessions to reviewing and following up on oversight body recommendations.

7. Despite the move towards residual risk-based work planning in OIOS and management efforts to lay the ground for enterprise risk management, more needed to be done. An organization as large, complex and important as the United Nations should have a robust enterprise risk management framework steered from the highest level. In that regard, IAAC had reiterated its recommendations on the accountability system.

8. In reviewing the Organization's financial statements and the reports of the Board of Auditors, IAAC had noted that voluntary contributions made up an increasing percentage of the overall resources of

United Nations system organizations and recommended that management should articulate and mitigate the associated risks.

9. High vacancy rates in OIOS had been a long-standing issue. He welcomed the decline in the overall rate and particularly the filling of three key leadership posts. The continued high vacancy rate in the Investigations Division could, however, affect the results of the pilot project on investigations. The Institute of Internal Auditors had recently completed a peer review of OIOS and would issue its findings in the near future.

10. The advice of IAAC with respect to the proposal on performance audits requested by the General Assembly in its resolution 65/243 B was contained in paragraphs 54 to 57 of its report (A/66/299).

11. He noted with concern two recent opinions from the Office of Legal Affairs relating, first, to OIOS audit authority over funds and programmes and, second, to whether the two IAAC members appointed for an initial term of four years could be reappointed for an additional three-year term. His own term and that of Vice-Chairman John Muwanga would expire at the end of 2011. He had been honoured to serve as Chairman of IAAC for the first four years of its existence, but would not seek reappointment.

12. **Mr. Di Luca** (Argentina), speaking on behalf of the Group of 77 and China, noted the OIOS recommendations aimed at achieving cost savings, recovery of overpayments, efficiency gains and systematic risk management, and reiterated the Group's support for the operational independence of OIOS. He reaffirmed the distinct roles of internal and external oversight mechanisms and urged OIOS to continue its coordination with the Board of Auditors and the Joint Inspection Unit to avoid overlaps in duties and minimize gaps in oversight coverage. The Group would seek clarification in informal consultations on the initiatives under way to strengthen OIOS.

13. He commended those United Nations entities that accepted and consistently implemented OIOS recommendations, but expressed concern that the number of unaccepted recommendations had increased and that implementation rates, including for critical recommendations, had fallen. During deliberations on the matter, the Group would be mindful of the comments made by IAAC on the issue of the quantity versus the quality of OIOS recommendations. He urged OIOS to continue working closely with the Secretariat and other United Nations entities to facilitate the implementation of recommendations and to resolve differences before they escalated.

14. While the Group welcomed the filling of vacant posts in OIOS, it was concerned at the difficulty in attaining optimum staffing levels, particularly in the Investigations and Internal Audit Divisions. The remaining vacant posts should be filled as a matter of urgency, with special emphasis on equitable gender and geographical distribution.

15. Noting the IAAC recommendations aimed at enhancing the efficiency and impact of audit and other oversight functions, the Group urged the oversight bodies to continue sharing experience, knowledge, best practices and lessons learned.

16. **Mr. Dettling** (Switzerland), speaking also on behalf of Liechtenstein, welcomed the improvements made to the OIOS risk management methodology in accordance with IAAC recommendations. He hoped that in future a risk management approach would also be applied to investigations. His delegation would welcome the inclusion in future OIOS annual reports of an analysis of the changes in categories of risk within the Secretariat. While the Office had made encouraging progress in risk management, a solid Organization-wide enterprise risk management framework would be required to conduct audits based on risk analysis; he therefore urged the Secretary-General to further enhance the Secretariat's capabilities for risk assessment and mitigation and internal control. His delegation welcomed the reduction in the vacancy rate within OIOS and the appointment of division heads in particular.

17. OIOS had recommended useful changes to the rating system for audit reports and the classification of recommendations. Some of the matters discussed in the report, including funding arrangements for OIOS activities and the appropriate reporting lines between the Office and the General Assembly, were related to the notion of operational independence. He hoped that the Fifth Committee and OIOS would further refine the scope of "operational independence" in order to reinforce the roles and responsibilities of all stakeholders.

18. **Ms. Lee** (Singapore) welcomed the progress made in filling vacant posts in OIOS, particularly for leadership positions. However, she shared the concerns

expressed by IAAC that the continued high vacancy rate in the Investigations Division could be detrimental to the Office's work.

19. OIOS and management should continue to coordinate their processes so as to avoid confusion for key stakeholders and should work together to improve the implementation rate of OIOS recommendations. IAAC, for its part, had consistently provided useful insights on how OIOS could improve its work.

20. The United Nations should maintain the separate and distinct roles of internal and external oversight mechanisms: OIOS, the Board of Auditors, IAAC and the Joint Inspection Unit performed complementary duties within a framework that made for a stronger and more efficient Organization.

21. **Mr. Lieberman** (United States of America) welcomed the IAAC recommendations on the oversight function in the United Nations, the accountability framework, performance auditing and the roles of the Board of Auditors and OIOS.

22. He commended the Under-Secretary-General for Internal Oversight Services for the work done in the previous year to strengthen OIOS, including by filling the vacant director-level positions and reducing the overall vacancy rate. He welcomed the decisions to streamline audit reports and categorize recommendations to provide more useful products for managers and the initiative to increase transparency by posting audit reports on the OIOS website.

23. His delegation had been concerned by the state of investigative capacity within OIOS since the termination of the Procurement Task Force. He hoped that the filling of leadership positions, realignment in the conduct of investigations and audits to reveal systemic weaknesses, and the hiring of qualified personnel to investigate financial crimes would allow OIOS to provide robust oversight of United Nations resources. In that connection, his Government would support a proposal for the establishment of the post of Assistant Secretary-General to assist with the management of OIOS divisions and with administrative and cross-cutting issues.

24. He concurred with the IAAC recommendation calling for a proposal on funding arrangements for OIOS, particularly with respect to United Nations entities funded by voluntary contributions, to ensure that the work of OIOS was not constrained by funding shortfalls.

25. **Ms. Mollestad** (Norway) said that the United Nations should show zero tolerance for corruption, fraud or other misuse of funds. Moreover, the operational independence of OIOS was fundamental to the credibility and legitimacy of the Organization. She welcomed the plans to increase the effectiveness and transparency of internal audit results. Some of the results detailed in the OIOS report (A/66/286 (Part I)) illustrated the advantage of the risk-based approach to oversight. Her delegation supported the plans to reduce the number of reports and recommendations issued by OIOS in order to focus on the most critical issues and improve monitoring of the implementation of recommendations.

26. It was important to establish congruity between the mandate and workplan of OIOS, on one hand, and the financial and human resources available to it, on the other. She welcomed the filling of director-level vacancies in OIOS and noted that further efforts were needed to address the high overall vacancy rate. OIOS must be provided with the resources required to build further on the positive work done so far.

27. **Mr. Nguyen** Dinh Hai (Viet Nam), commending the work done by IAAC and its follow-up on the implementation of recommendations, endorsed its proposed schedule of activities for 2012. His delegation shared the view of IAAC that the implementation rate of the Board of Auditors' recommendations on peacekeeping should be improved to enhance accountability. The high number of recommendations in the area of logistics indicated a systemic issue that should be addressed. He also concurred with IAAC that in order to strengthen accountability in the Secretariat, the Management Board should pay greater attention to OIOS recommendations on critical or high-risk management issues that remained unimplemented and should interact more often with the oversight bodies. Oversight was an ongoing process that should help staff members to meet the highest standards of ethics, accountability and performance.

28. **The Chair** asked whether, in the view of the Chairman of the Independent Audit Advisory Committee, oversight had been strengthened at the United Nations since the issuance of the Volcker report

on the oil-for-food programme, which had led to the creation of IAAC.

29. **Mr. Walker** (Chairman of the Independent Audit Advisory Committee) responded that, since the establishment of IAAC, there had been improvements in oversight in general and OIOS in particular, and in the relationship between management and oversight bodies. A number of areas still required attention and the job would never be complete: while the risks had been reduced, there was no such thing as zero risk. The United Nations must now focus on continuous improvement and on the quality of the results being achieved given the resources available. That was an issue not solely for the oversight functions, but for the entire Organization.

The meeting rose at 4.05 p.m.

United Nations A/C.5/66/SR.5

General Assembly
Sixty-sixth session

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Fifth Committee

Summary record of the 5th meeting
Held at Headquarters, New York, on Wednesday, 5 October 2011, at 10 a.m.

Chair: Mr. Tommo Monthe ..... (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

Contents

Agenda item 138: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*)

Agenda item 131: Financial reports and audited financial statements, and reports of the Board of Auditors

Agenda item 134: Proposed programme budget for the biennium 2012-2013

Transitional measures concerning financial reporting by the Office of the United Nations High Commissioner for Refugees under the International Public Sector Accounting Standards

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11-53207 (E)

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The meeting was called to order at 10.10 a.m.

Agenda item 138: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/C.5/66/L.2)

Draft resolution A/C.5/66/L.2

1. *Draft resolution A/C.5/66/L.2 was adopted.*

Agenda item 131: Financial reports and audited financial statements, and reports of the Board of Auditors (A/66/5/Add.5, A/66/73 and Add.1, A/66/139 and A/66/377)

2. **Mr. Liu** Yu (Chairman, Audit Operations Committee, United Nations Board of Auditors), introducing the financial report and audited financial statements for the year ended 31 December 2010 and the report of the Board of Auditors on the voluntary funds administered by the United Nations High Commissioner for Refugees (A/66/5/Add.5), said that the Board's audit indicated that there had been no material errors in the financial statements. However, significant audit issues had been identified. In particular, the Office of the United Nations High Commissioner for Refugees (UNHCR) had been seriously under-prepared for the final audit: the absence of audit trails made reconciliation of the financial statements difficult; there had been large numbers of errors; and accounting policies had not reflected accounting practices. During the audit, misstatements of some $39 million had been corrected and all other issues had been resolved to the Board's satisfaction. As a result, the Board had been able to issue an unmodified audit opinion, meaning that the financial statements fairly reflected the financial position of UNHCR.

3. Despite its unmodified audit opinion, the Board had a number of significant concerns about the financial, risk and performance management of UNHCR. The inherent uncertainties associated with the agency's heavy reliance on voluntary funding had implications for resource management and decision-making, creating an incentive to focus on short-term activities that might not always represent the best value. There were also weaknesses in financial management and control, including a backlog of bank reconciliations; an absence of rigorous management checks on financial statements; and low financial management capacity in the field, including a limited understanding and use of the UNHCR enterprise resource planning system. A number of risks to the successful adoption of the International Public Sector Accounting Standards (IPSAS) had been identified, including the ability to produce accurate and timely end-of-year accounts, and the readiness and capacity of the field network. UNHCR did not seem to have a clear vision of benefits realization with regard to IPSAS.

4. Although UNHCR had introduced results-based management in 2005, its performance reporting still did not enable management to make effective judgements on the cost-effectiveness of projects and activities or to hold local managers accountable for performance. Data was incomplete and unreliable; performance indicators were inconsistent and did not focus on mission-critical activities, or on efficiency and effectiveness; and there was no clear linkage between performance and financial data. UNHCR therefore remained unable to gather and analyse basic financial and performance information on its operations.

5. UNHCR had yet to establish a formal and systematic organization-wide approach to risk management. There were also weaknesses in its processes for selecting, managing and monitoring its implementing partners, many of whom worked with it for a significant number of years without periodic testing or reconsideration, thereby exposing UNHCR to an increased risk of fraud and corruption, inefficiency and poor partner performance.

6. The agency's response to protracted refugee situations, a major and growing strategic issue with significant resource management implications, was fragmented, and the robust financial and performance data necessary for sound decision-making was lacking. The Global Plan of Action on protracted refugee situations had no senior accountable owner, lacked concrete measures of progress and did not include any tracking of resource deployment. Business cases for durable solutions were not well-developed and spending on such solutions was relatively small compared to the cost of protracted refugee situations.

7. The Board's overall conclusion was that UNHCR was as yet unable to demonstrate tangible benefits from its change programme or demonstrate that it was using its resources cost-effectively. UNHCR had broadly accepted all of the Board's conclusions and recommendations and had itself identified and

recognized many of the weaknesses. The agency should now take the necessary steps to prioritize and take decisive action, with the support of the Board, to address the weaknesses and implement the Board's recommendations, although not all the issues identified could be resolved within one year.

8. Introducing the report of the Board on the implementation of its recommendations relating to the biennium 2008-2009 (A/66/139), he said that the report covered 15 organizations on which the Board reported on a biennial basis to the General Assembly. A total of 590 recommendations had been issued for the biennium 2008-2009, an increase of 16 per cent compared with the previous biennium. The rate of full implementation of those recommendations was 46 per cent, almost unchanged from the biennium 2006-2007. While in general the administrations had considered the Board's recommendations seriously and had developed a range of good practice in enhanced follow-up, the Board nevertheless encouraged them to intensify their efforts to ensure a higher rate of fully implemented recommendations.

9. There had been a slight increase in partially implemented recommendations from 46 per cent to 48 per cent, compared with the previous biennium. Since most of the entities had set target dates for full implementation, and some recommendations would be systematically addressed through the implementation of IPSAS or other business transformations, the Board had no major overall concern about the level of partial implementation, although it encouraged entities to take action as quickly as possible on its recommendations. A number of areas that some organizations could address to expedite the full implementation of the Board's recommendations were set out in the report.

10. A total of 5 per cent of the recommendations made in the biennium 2008-2009 had not been implemented as at 31 March 2011, compared to 4 per cent for the previous biennium. While the Board recognized that some entities might have valid reasons for non-implementation, there were other entities that had yet to begin the implementation process.

11. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/66/377), said that the Advisory Committee welcomed the progress made by UNHCR, which had led to the issuance of an unmodified opinion by the Board of Auditors. With regard to the Board's concerns about some aspects of the financial, risk and performance management of UNHCR, the Advisory Committee, while recognizing the challenges arising from the agency's operational environment, expected that UNHCR would take the necessary measures to address the issues raised and ensure full and timely implementation of the Board's recommendations. In particular, it should address the weaknesses that had been noted in the areas of financial management control, in order to ensure the successful implementation of IPSAS in 2012.

12. Turning to the report of the Board on the implementation of its recommendations relating to the biennium 2008-2009 (A/66/139), the Advisory Committee noted a slight decrease in the number of recommendations that had been fully implemented, compared with the previous biennium. It reiterated its call for the full and rapid implementation of the Board's recommendations and underscored the importance of senior management attention. The root causes of the problems noted by the Board must be identified and effectively addressed.

13. **Ms. Frueh** (Executive Secretary, Joint Inspection Unit), introducing the report of the Joint Inspection Unit (JIU) entitled "The audit function in the United Nations system" (A/66/73) on behalf of the Chair of JIU, said that the Unit had included a review of the audit function in its programme of work for 2010 with the aim of helping to improve system-wide coherence among the internal and external entities responsible for that function, in line with professional standards as applicable to the United Nations.

14. While significant progress had been achieved in enhancing the audit function at the United Nations organizations over the last 10 years, in response to demands from Member States for greater scrutiny, transparency and accountability, there was still a lack of system-wide coherence and coordination and many organizations needed to improve their audit independence, capabilities, resources and processes in order to overcome performance gaps.

15. The major challenges and constraints faced by internal audit were the follow-up and implementation of audit recommendations; resources; auditing the "One United Nations"; coordination with other oversight bodies; and issues relating to independence, including interference from management and potential

conflicts of interest. Additional constraints related to the authority, centralization/decentralization, structure, planning, reporting and quality assessment of the internal audit activity; the performance and competence of internal auditors; and issues of accountability and transparency, particularly in relation to the communication of audit results.

16. With regard to the external auditors, the selection process was not competitive enough, since a select few supreme audit institutions were recurrently chosen and engaged simultaneously at several organizations, with unlimited terms of office in some cases. Furthermore, relevant performance assessment requirements had not been established and some audit committees were not responsible for such assessment, contrary to best practices. Other issues highlighted in respect of external auditors were the need to prioritize financial statement certification audits, in line with the introduction of IPSAS; the short time given to review the financial statements at some organizations; and the lack of implementation of adequate handover procedures between departing and new audit institutions. The review had confirmed that the external audit function was more independent and better safeguarded from management interference than the internal audit function.

17. While the recent establishment of audit/oversight committees with an advisory role to management and legislative bodies was a major step towards improving the audit/oversight function at United Nations system organizations, five organizations had not established such committees. Moreover, several audit/oversight committees focused mainly on audit activity, and some did not cover the performance of external auditors.

18. Internal and external auditors and audit committees worked best and could better contribute to governance processes when they maintained a fluent and objective relationship with each other, and with management. However, effective system-wide cooperation and coordination among those groups still had a long way to go. The limited joint audit engagements undertaken in recent years in response to the One United Nations initiative, for example, had proved challenging. The annual meeting of the Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions and Associated International Organizations (RIAS) and meetings of the Panel of External Auditors had contributed to improving overall coordination. While coordination among internal auditors had appeared to be more frequent and effective than that between internal and external auditors, coordination among audit/oversight committees had been ad hoc and should be regularized to ensure the sharing of experience, information and practice. With regard to adherence to the single audit principle, the report suggested that external auditors, audit/oversight committees and legislative/governing bodies should be informed of all third-party verifications, to avoid misunderstanding of what a working single audit entailed.

19. The findings and recommendations contained in the report had been positively received by the oversight community. Eleven of the 18 major recommendations were addressed for action to Member States, since they concerned policy decisions intrinsically related to the mandate, independence, accountability and transparency of the audit function. JIU trusted that a timely decision by the Committee would make action possible on those important governance issues in order to enhance the efficiency and effectiveness of the audit function in the United Nations system.

20. **Mr. Herman** (United Nations System Chief Executives Board for Coordination), introducing the note by the Secretary-General on the audit function in the United Nations system (A/66/73/Add.1), said that the United Nations System Chief Executives Board for Coordination (CEB) welcomed the comprehensive nature of the JIU report, which sought to enhance coherence among the audit facilities within the United Nations system. In their general comments, agencies had focused on three issues: consolidation of oversight functions; the internal audit planning process; and definition of the internal audit board. CEB had largely accepted the JIU recommendations, in many cases noting that the suggested practices were already in place or were in the process of being implemented.

21. Agencies had made clarifying remarks on some recommendations. For example, organizations generally supported the principles contained in recommendation 4 on the selection of audit staff but felt that it suggested a separate set of staff selection practices, which should be avoided. Agencies had also commented on recommendation 14 on notifying governing bodies of requests for third-party audits. They had agreed on the need to inform governing bodies of such requests and had cited the single audit principle. Noting that the donor community might have

a different view and that such requests were difficult to resist, agencies suggested that a clear decision by the General Assembly would help address the issue. Those examples illustrated the range of responses agencies had provided to the JIU recommendations.

22. **Ms. Handrujovicz** (Argentina), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to the work of the internal and external oversight mechanisms, whose recommendations were crucial to improving the work of the United Nations and should therefore be implemented fully and in a timely manner.

23. She welcomed the progress made by UNHCR, which had resulted in an unmodified audit opinion by the Board of Auditors on the financial statements for the year ended 31 December 2010. UNHCR should take all appropriate measures to implement the Board's recommendations on the development of effective performance, financial and risk management systems. The decline in the implementation rate of recommendations for 2009 compared to the previous year was a matter of concern. Concurring with the conclusions of the Advisory Committee set out in paragraph 9 of its report (A/66/377), the Group urged UNHCR to ensure the successful implementation of IPSAS in 2012.

24. The 15 United Nations entities for which the Board had issued recommendations for the biennium 2008-2009 should implement those recommendations rapidly, ensure effective follow-up and strengthen inter-agency coordination in the implementation of recommendations that pertained to more than one organization. The Group concurred with the Advisory Committee that senior management should take measures to overcome deficiencies in the implementation of the Board's recommendations and address the root causes of problems identified by the Board.

25. The Group would seek further information in informal consultations regarding the efforts by the United Nations Development Programme to enhance its audit tracking database.

Agenda item 134: Proposed programme budget for the biennium 2012-2013 (A/66/352 and A/66/376)

Transitional measures concerning financial reporting by the Office of the United Nations High Commissioner for Refugees under the International Public Sector Accounting Standards (A/66/352 and A/66/376)

26. **Ms. Matsuura-Mueller** (Office of the United Nations High Commissioner for Refugees), introducing the note by the Secretary-General on transitional measures concerning financial reporting by UNHCR under IPSAS (A/66/352), said that in order for UNHCR to be compliant with IPSAS effective 1 January 2012, the Financial Rules for Voluntary Funds administered by the High Commissioner must be revised. During the revision process, UNHCR had consulted with other United Nations system organizations, particularly early adopters of IPSAS. After review by the Board of Auditors, the Office of Internal Oversight Services and the Standards and Legal Advice Section of UNHCR, the proposed amendments had been submitted to the Executive Committee, pursuant to General Assembly resolution 1166 (XII), together with the comments of the Advisory Committee. As stipulated by the resolution, subject to the Executive Committee's endorsement, the revised Rules could be applied provided they were in accordance with the Financial Regulations and Rules of the United Nations. The High Commissioner requested approval by the General Assembly for UNHCR to apply mutatis mutandis the Financial Regulations and Rules in a manner consistent with IPSAS as a transitional measure until such time as the Regulations were themselves revised in line with the Standards.

27. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's related report (A/66/376), said that the Advisory Committee had no objection to the request by UNHCR or to the proposed amendments to the Financial Rules for Voluntary Funds administered by the High Commissioner for Refugees; its views on the latter had been communicated directly to the Executive Committee in its report on the proposed biennial programme budget 2012-2013 of UNHCR (A/AC.96/1100/Add.1).

The meeting rose at 11.15 a.m.

United Nations A/C.5/66/SR.6

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Fifth Committee

Summary record of the 6th meeting
Held at Headquarters, New York, on Friday, 7 October 2011, at 10 a.m.

Chair: Mr. Tommo Monthe ..... (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

Contents

Statement by the President of the General Assembly

Agenda item 135: Programme planning

Agenda item 133: Programme budget for the biennium 2010-2011

United Nations Office for Partnerships

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11-53563 (E)

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The meeting was called to order at 10.15 a.m.

Statement by the President of the General Assembly

1. **Mr. Al-Nasser** (Qatar), President of the General Assembly, said that the Organization must remain responsive in order to cope with the world's many challenges. In recognition of that fact, he had made reform and revitalization of the United Nations a focus of the sixty-sixth session of the General Assembly. That effort could not succeed without the provision of financial and human resources; the exercise of authority, oversight and accountability; and the demonstration of political will to support and implement the action taken. It fell to the Fifth Committee to address those issues.

2. The Committee's working methods and decision-making processes must be efficient and effective. It was therefore appropriate for it to reflect on, and identify, potential improvements. The Committee's credibility as a responsible entity would be enhanced if it adhered to the date announced for the completion of its work.

3. However, the timely disposal of the items on the Committee's agenda depended on the positions and priorities of its members. Just as the Secretariat should make well-considered proposals, the Member States should conduct their negotiations in a focused way, avoiding inaction and delay, which did not reflect well on the Committee. Such an approach would save resources spent on conference services and publications. He was committed to promoting cooperative multilateralism, which lay at the centre of the Charter of the United Nations.

Agenda item 135: Programme planning (A/66/16)

4. **Mr. Lasarte** (Chairman of the Committee for Programme and Coordination), introducing the report of the Committee for Programme and Coordination (CPC) on its fifty-first session (A/66/16), recalled that body's central role in planning, programming, monitoring, evaluation and coordination of the Organization's activities. As the General Assembly, in its resolution 65/244, had already adopted the strategic framework for the biennium 2012-2013, CPC had confined itself at that session to examining the consolidated report of the Secretary-General on the changes to the biennial programme plan resulting from new or revised mandates for the current and forthcoming bienniums.

5. At its most recent session, CPC had faced some limitations on its ability to operate effectively, including the continued vacancies for representatives of the Group of Western European and other States and the Group of Asian States, and the absence, for the second successive year, of relevant related reports from the Joint Inspection Unit (JIU). That conflicted with the wish of the General Assembly that CPC and JIU should cooperate more closely. CPC hoped that the situation would improve, so that it could once again fulfil the requirements of paragraph 6 of its terms of reference, contained in the annex to Economic and Social Council resolution 2008 (LX).

6. In its recommendations on programme questions, CPC had advocated changes to expected accomplishments and indicators of achievement for human settlements and for the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women), and a change to the narrative relating to the activities of the United Nations Office to the African Union.

7. In its conclusions and recommendations on evaluation activities, CPC had emphasized potential improvements in decision-making through better transparency, policy directives, programme design and execution, implementation of intergovernmental mandates and use of resources. Proper evaluation depended on a strong commitment from staff at all levels of management, sufficient financial and human resources and the use of specific, measurable, achievable, relevant and time-bound management indicators. CPC had recommended that the General Assembly should request the Secretary-General to maximize the impact of evaluation on the medium- and long-term strategic planning of the United Nations system.

8. Looking specifically at evaluations undertaken by the Office of Internal Oversight Services (OIOS), including its report on strengthening the role of evaluation and the application of evaluation findings on programme design, delivery and policy directives (A/66/71), CPC recommended that the General Assembly should request the Secretary-General to ensure that that body's reports focused on the impact of programmes and the results achieved, and that there was regular follow-up of progress made. The

assessment approach adopted should be more systematic, identifying areas of complementarity and synergy and strengthening coordination among all relevant departments.

9. At its most recent session, CPC had focused on the OIOS programme evaluation report on the Department of Economic and Social Affairs (E/AC.51/2011/2) and the OIOS report on the triennial review of the implementation of prior CPC recommendations on field special political missions led by the Department of Political Affairs (E/AC.51/2011/3).

10. In its conclusions and recommendations on the first report, CPC had highlighted the important role of the Department of Economic and Social Affairs within the development pillar of the United Nations system in terms of support for intergovernmental decision-making and in terms of progress towards the Millennium Development Goals. It had recommended that the General Assembly should request the Secretary-General to act to sharpen the Department's strategic focus, improve identification of priorities and critical activities, clarify its specific capacity-building role and stimulate cooperation with United Nations field-based entities.

11. In its conclusions and recommendations on the second report, CPC had stressed the need for the missions concerned to strengthen their cooperation with other United Nations entities so as to improve the maintenance of international peace and security. While noting the progress in defining and applying guidelines on the role and responsibilities of field special political missions, and the improved coordination and cooperation between the Department of Political Affairs and the Department of Field Support in connection with those missions, CPC had pointed out the failure to implement fully some of its prior recommendations. It had therefore recommended that the General Assembly should request the Secretary-General to ensure comprehensive strategic planning, in a context of results-based-budgeting, taking particular account of the need for more meaningful indicators of achievement and better linkage between the objectives, activities and achievements of missions.

12. At its following session, CPC would consider the programme evaluations of the Office of the United Nations High Commissioner for Refugees, the Office for the Coordination of Humanitarian Affairs, the United Nations Environment Programme and the United Nations Office on Drugs and Crime.

13. The CPC conclusions and recommendations on coordination questions related primarily to areas of activity involving complex aims, many stakeholders and a need for full and synchronized implementation of intergovernmental mandates, and therefore posing particular challenges. Those activities included the preparations for the United Nations Conference on Sustainable Development, to be held in Rio de Janeiro in 2012. In such instances, the coordination role of the United Nations System Chief Executives Board for Coordination (CEB) would be valuable.

14. Specifically, CPC had focused on its consideration of the annual overview report of CEB for 2010/11 (E/2011/104), and the report of the Secretary-General on United Nations system support for the New Partnership for Africa's Development — NEPAD (E/AC.51/2011/4).

15. In connection with the first report, CPC had emphasized the need for independent evaluation of the eight "delivering as one" pilot projects; the need to increase the participation of developing countries and economies in transition in the procurement processes of the United Nations; and the need to strengthen CEB cooperation with the International Civil Service Commission (ICSC).

16. In connection with the second report, CPC had expressed the view that the United Nations system should renew its commitment to NEPAD through rationalization of a results-based system to monitor and evaluate the impact of support for its implementation. Acknowledging the continued support from the United Nations system for clusters of the Regional Coordination Mechanism in Africa, CPC had recommended that the General Assembly should request the Secretary-General promote synergies between the United Nations entities participating in the cluster system in order to eliminate the duplication of work and the inefficient use of resources.

17. **Mr. Di Luca** (Argentina), speaking on behalf of the Group of 77 and China, said that programme planning fulfilled the vital function of translating intergovernmental mandates into implementable action. As the main subsidiary organ of the General Assembly and Economic and Social Council for planning, programming and coordination, CPC not only provided valuable guidance to the Secretariat by interpreting

legislative intentions, but also helped to avoid overlap and duplication by establishing evaluation procedures. Recalling that CPC had considered the OIOS report on strengthening the role of evaluation and the application of evaluation findings on programme design, delivery and policy directives (A/66/71), the Group expected **diligent implementation by Secretariat managers of the related conclusions and recommendations**.

18. While emphasizing that setting the Organization's priorities was the sole prerogative of the Member States, the Group endorsed the CPC conclusions and recommendations regarding UN-Women. It believed that that entity should assume a universal role, assist Member States at national level upon their request, and coordinate its efforts with those of other United Nations agencies, funds and programmes.

19. The Secretary-General, as CEB Chairman, should enhance the Board's transparency and accountability to Member States. As CPC had indicated in its conclusions and recommendations, CEB should operate in accordance with its mandate of enhancing system-wide coordination, and in accordance with the intergovernmental mandates of its member organizations. There should be effective dialogue and cooperation on matters of mutual interest among CEB, the International Civil Service Commission (ICSC) and JIU.

20. The Group welcomed United Nations system support for NEPAD, and its consideration by CPC, but found the delay in filling the vacant post of Under-Secretary-General in charge of the Office of the Special Adviser on Africa difficult to understand. In that connection, it fully supported the recommendation made by CPC in paragraph 131 of its report. It also expected urgent action to address the absence of a report on the matter promised to the Committee during informal consultations at the main part of the 65th session.

21. **Mr. Cumberbatch** (Cuba) said that his delegation endorsed the conclusions and recommendations of CPC, but was concerned that JIU had provided no reports for CPC to consider, thus going against the desire for better dialogue and coordination between the two bodies expressed by CPC and the General Assembly.

22. Logical frameworks applying to United Nations bodies should facilitate programme evaluation by the Member States and the allocation of appropriate programme resources. Accordingly, the Secretariat should formulate such frameworks in strict compliance with legislative mandates and the action necessary to fulfil those mandates. It was to ensure closer alignment with those principles that his delegation and others had proposed changes to the logical frameworks for the activities of UN-Women. He **hoped that approved amendments to the various logical frameworks would be published without undue delay**.

23. He recalled that, for some three years, the Group of 77 and China had been expressing concern over the consolidation of the mandates of the Special Adviser on Africa and the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. Recalling also that the Committee was still awaiting the report on the Office of the Special Adviser promised by the Secretariat during informal consultations at the previous session of the Assembly, and that CPC had referred to the matter in successive reports on its own sessions, notably in paragraph 131 of its most recent report, his delegation wished the Secretariat to find a definitive solution.

Agenda item 133: Programme budget for the biennium 2010-2011

United Nations Office for Partnerships (A/66/188)

24. **Mr. Krishnan** (United Nations Office for Partnerships), introducing the report of the Secretary-General relating to the activities United Nations Office for Partnerships in 2010, said that its three chapters covered the United Nations Fund for International Partnerships (UNFIP), the United Nations Democracy Fund (UNDEF) and Partnership Advisory Services and Outreach.

25. Established in 1998 to serve as the interface between the United Nations Foundation and the United Nations system, UNFIP had channelled a cumulative total of approximately $1.2 billion in additional resources to the Organization in the four main areas of the Foundation's work: women and children's health; women and population; sustainable energy and climate change; and peace, security and human rights. Annex I to the report illustrated the distribution of 507 projects, involving 43 United Nations bodies, implemented in 124 countries.

26. In 2010, UNDEF had followed its annual programme of assessing project applications,

conducting quality control and consulting with stakeholders before submitting its recommended proposals to the Secretary-General for approval. The fourth round of funding applications had resulted in a list of 65 approved projects. The fifth round, during which an unprecedented total of 3700 applications had been received, had resulted in a list of 64 approved projects.

27. Partnership Advisory Services and Outreach had continued to provide UNOP advice to companies in the private sector, foundations, civil society organizations, academic institutions and philanthropists in connection with poverty reduction, education, health, disaster relief and humanitarian assistance.

28. **The Chair** said that the report was a valuable means of providing transparent information to the Member States on the use of resources channelled to the Organization by UNOP. It should be remembered that those resources were sometimes contributed by donors with substantial wealth and influence, so oversight was necessary. He invited the Committee to adopt the following oral draft decision on the United Nations Office for Partnerships:

> "The General Assembly,
>
> *Having considered* the report of the Secretary-General on the United Nations Office for Partnerships,[1]
>
> *Takes note* of the report of the Secretary-General on the United Nations Office for Partnerships.[1]

29. *The draft decision was adopted.*

The meeting rose at 11.25 a.m.

[1] A/66/188.

United Nations A/C.5/66/SR.7

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Held at Headquarters, New York, on Tuesday, 11 October 2011, at 10 a.m.

Chair: Mr. Tommo Monthe ..... (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

Contents

Agenda item 136: Improving the financial situation of the United Nations

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The meeting was called to order at 10.05 a.m.

Agenda item 136: Improving the financial situation of the United Nations

1. Ms. Kane (Under-Secretary-General for Management), accompanying her statement with a digital slide presentation, said that she would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States. Despite the global financial climate, the overall financial situation of the United Nations had improved in 2011, with projected positive cash balances at year end in all categories and reduction in the level of debt to Member States, even as unpaid assessments had increased slightly in all categories.

2. As to the regular budget, she noted that the level of assessments and payments had both been higher in 2011 than in 2010, by $249 million and $184 million respectively. Unpaid assessed contributions had amounted to $867 million as at 5 October 2011, compared to $786 million a year earlier. As at 5 October 2011, 131 Member States, 12 more than on 5 October 2010, had paid their regular budget assessments in full. She urged the remaining Member States to pay their assessed contributions for 2011 as soon as possible. Of the total of $867 million outstanding as at 5 October 2011, 87 per cent had been owed by a single Member State, 8 per cent by three other Member States and 5 per cent by the remaining Member States. The final picture for 2011 would depend on action taken by those States in the months that followed.

3. Cash resources for the regular budget comprised the General Fund, into which assessed contributions were paid, the Working Capital Fund, which had been approved at a level of $150 million by the General Assembly, and the Special Account. As at 5 October 2011, the total cash resources available had stood at $584 million, compared to $813 million on 31 December 2010. According to the projections, there would be a positive cash balance at the end of December 2011, but the final position would depend on action by the major contributors.

4. A number of factors made it difficult to predict financial outcomes for peacekeeping activities: demand was unpredictable; the financial period for peacekeeping ran from 1 July to 30 June rather than from 1 January to 31 December; assessments were issued separately for each operation; and, since assessments could only be issued through the mandate period approved by the Security Council for each mission, they were issued for different periods throughout the year. All those factors complicated a comparison between the financial situation of peacekeeping operations and that of the regular budget and the international tribunals.

5. The total amount outstanding for peacekeeping operations as at 5 October 2011 had been $3.3 billion, approximately $843 million higher than at the end of 2010 and $113 million above the level as at 5 October 2010. That amount included assessments for the United Nations Interim Force in Lebanon (UNIFIL), totalling some $474 million, which had been issued recently and were still within the 30-day due period. Owing to the unpredictable levels and timing of peacekeeping assessments, it could be more difficult for Member States to keep fully current with their payments. The 17 Member States that had paid all their peacekeeping assessments as at 5 October 2011 and the one Member State that had subsequently paid in full therefore deserved special thanks.

6. The cash balance in peacekeeping accounts had stood at some $4.3 billion as at 5 October 2011. That amount was divided among the accounts of a number of ongoing and closed operations and the Peacekeeping Reserve Fund, but there were restrictions on its use. The General Assembly routinely specified that no peacekeeping mission should be financed by borrowing from other active missions, and the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and the expansion of existing operations. Further, only some of the cash available in the accounts of closed peacekeeping operations was available for borrowing. Moreover, in its resolution 65/293, the General Assembly had authorized the return to Member States of $180 million from closed peacekeeping budgets as at 30 June 2010.

7. According to current estimates, a total of $3.2 billion would be available in peacekeeping accounts at the end of 2011, with approximately $2.8 billion in the accounts of active missions, $316 million in the accounts of closed missions and $140 million in the Peacekeeping Reserve Fund.

8. Of the $316 million expected to be available in the accounts of closed missions at the end of 2011, $263 million had been set aside for payment of

outstanding liabilities, such as troop and equipment payments and credits to be returned to Member States. That left only $53 million available for cross-borrowing by active peacekeeping operations. With decreased liquidity in peacekeeping missions, the need for such cross-borrowing had increased in 2011. That trend could reverse, however, if Member States were to pay their assessments promptly. Compared to 2008, when cross-borrowing from the accounts of closed missions had been required for seven active operations in the amount of $148 million, in 2011 cross-borrowing had been required for six active operations, namely the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Peacekeeping Force in Cyprus (UNFYCIP), the United Nations Integrated Mission in Timor-Leste (UNMIT), the United Nations Interim Administration Mission in Kosovo (UNMIK), the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) and the United Nations Operation in Côte d'Ivoire (UNOCI), for a total of $130 million.

9. Revised projections of the Organization's debt to Member States suggested that the amount outstanding would total some $448 million at the end of 2011, which was lower than the projection of $568 million made in May and the amount of $539 million outstanding as at 31 December 2010. New obligations had increased in 2011, mainly due to the one-time time supplemental payment to troop-contributing countries authorized by the General Assembly in its resolution 65/289 and the deployment of a military contingent in the United Nations Interim Security Force for Abyei (UNISFA), but had been partly offset by a reduction of military personnel in United Nations Mission in Liberia (UNMIL) and a reduction of police personnel in UNMIT.

10. Payments in respect of troop obligations had been more or less current up to August 2011 for all active missions, with the exception of MINURSO, UNFICYP and UNMIL, due to insufficient cash in the special account for those missions. Payments in respect of contingent-owned equipment were current up to June 2011, except for the three missions she had just mentioned. The Secretariat would continue to monitor the situation and would maximize the quarterly payments according to the cash available. The Secretary-General was committed to meeting the Organization's obligations to troop and equipment contributors as expeditiously as possible. To that end, Member States must meet their financial obligations to the United Nations in full and on time and the relevant memorandums of understanding must be finalized.

11. The financial position of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia had improved slightly in 2011, even though unpaid assessments had increased by $6 million. As at 5 October 2011, 94 Member States had paid their assessed contributions in full, six more than as at 5 October 2010. She urged the remaining Member States to follow their example. The breakdown of unpaid assessed contributions showed that one Member State accounted for 64 per cent of the total, four Member States accounted for 18 per cent and the remaining Member States accounted for 18 per cent. If recent trends continued, the Tribunals would end the year with positive cash balances. Once again, however, the actual outcome would depend on Member States meeting their financial obligations in full and on time.

12. Recalling that the Assembly had approved a total budget of $1.9 billion for the capital master plan, she said that 180 Member States were under the multi-year payment system, while 12 Member States had opted for one-time payment. As at 5 October 2011, payments totalling $1.8 billion had been made, with $88 million still outstanding. She thanked the 124 Member States that had paid their capital master plan assessments and urged all Member States to pay their assessed contributions in full and on time to ensure the timely implementation of the plan.

13. In conclusion, she paid special tribute to the 18 Member States that had paid in full all assessments due and payable by 10 October 2011. The financial indicators for 2011 showed improvement in some areas: cash positions were projected to be positive at year-end for all funds, although the final outcome would depend on contributions made in the last quarter. Debt to Member States was projected to decrease significantly compared to the level at the end of 2010. Although unpaid assessments had increased compared to a year earlier, the number of Member States that had met their obligations in full had increased for all budget categories. Amounts outstanding continued to be highly concentrated with a few Member States for all budget categories except peacekeeping, for which the degree of concentration had declined in recent years.

14. In order to maintain the financial health of the Organization, it remained as critical as ever for Member States to meet their financial obligations in full and on time, despite the difficult global financial situation.

The meeting rose at 10.30 a.m.